

Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Integrated Financial Planning Services (CRD #17935, Heidelberg, Germany) and Barry Ernest Swanson (CRD #706508, Registered Principal, Heidelberg, Germany) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$90,000, of which \$50,000 was jointly and severally with Swanson. Swanson was suspended from association with any FINRA member in any principal capacity for 20 business days. The firm and Swanson must review, revise and certify in writing to FINRA that the firm's written supervisory procedures are reasonably designed to achieve compliance with respect to on-base solicitation, continuing education, reporting and Anti-Money Laundering (AML) requirements. Without admitting or denying the findings, the firm and Swanson consented to the described sanctions and to the entry of findings that they failed to establish, maintain or enforce procedures reasonably designed to ensure compliance with federal regulations promulgated by the Department of Defense that govern commercial solicitation on military installations, and failed to establish an effective remote-site supervisory inspection program. The findings stated that the firm and Swanson failed to ensure that each non-registered office was examined on a regular basis at the remote location. The findings also stated that the firm did not have guidelines to identify or report potentially suspicious transactions; did not delineate steps to take to investigate suspicious activity; failed to adequately document the extent to which the firm's customer identification program was followed; failed to provide for independent testing of its compliance with its AML Compliance Program (AMLCP) and did not maintain adequate procedures for providing or conducting ongoing AML training. The findings also included that the firm and Swanson failed to timely disclose on Uniform Applications for Securities Industry Registration or Transfer (Forms U4) and to report to FINRA that the license of one of its registered representatives to solicit on military installations in Europe was suspended by the military for soliciting insurance sales on base without appropriate licensing from an insurance company unrelated to the firm.

FINRA found that the firm failed to timely report customer complaints to FINRA and did not have an effective supervisory system reasonably designed to preclude these reporting violations. FINRA also found that the firm, acting through Swanson, did not register locations as branch offices on a Uniform Application for Broker-Dealer Registration (Form BD) as required, and assigned responsibility for supervising registered representatives' activities at one or more non-branch locations to up to eight different supervisors at eight separate locations. In addition, FINRA found that the firm and Swanson failed to establish, maintain and enforce supervisory and compliance policies and procedures reasonably designed to achieve compliance with its reporting obligations. The findings further stated that the firm, acting through Swanson, permitted registered representatives who failed to complete the regulatory element of the

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FINRA has taken disciplinary actions against the following firms and individuals for violations of NASD rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

Continuing Education (CE) program to conduct sales activities, failed to develop the required annual written training plan and permitted a substantial number of registered representatives to avoid timely completion of the firm element of its CE program.

The findings stated that the firm and Swanson failed to supervise the contents of the firm's Web site and registered representatives' Web sites, and each Web site violated advertising rules in that the Web sites contained exaggerated and unwarranted claims about the registered representatives' expertise and the success clients could anticipate. The findings also stated that the firm's Web site also inaccurately stated that a large number of its representatives were Certified Financial Planners (CFPs), when only a small percentage were. In addition, the findings stated that the firm's Web site continued to show Swanson as a CFP for at least four months after he was no longer certified, and the firm did not adequately supervise these Web sites to detect and deter these violations. Moreover, the findings stated that the firm failed to retain all emails related to its business and certain customer account records. Furthermore, the firm failed to retain all emails for three years, the first two in an accessible place. In addition, FINRA found that the firm failed to preserve any customer account documentation and failed to implement an adequate supervisory system to ensure compliance with the books and records requirements of federal securities laws and NASD rules.

The suspension in any principal capacity was in effect from October 1, 2007, through October 26, 2007. **(FINRA Case #SAF20040367)**

Professional Investment Services, Inc. (CRD #13703, Winfield, Kansas) and Don Howard Ehling (CRD #76203, Registered Principal, Winfield, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000, jointly and severally with Ehling. Ehling was also suspended from association with any FINRA member in any and all principal capacities for 10 business days and required to requalify by examination as an introducing broker-dealer/financial and operations principal (Series 28) within 90 days. Without admitting or denying the findings, the firm and Ehling consented to the described sanctions and to the entry of findings that the firm, acting through Ehling, failed to timely file its annual audited financial report for one year.

The suspension in any principal capacity was in effect from October 1, 2007, through October 12, 2007. **(FINRA Case #20070087996-01)**

Firms Fined

Advanced Equities, Inc. (CRD #35545, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$31,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported Trade Reporting and Compliance Engine (TRACE)-eligible securities transactions late to TRACE. The findings stated that the firm failed to properly prepare order tickets for TRACE-eligible securities in that order tickets failed to show the entry time or receipt of customers' orders; order tickets failed to show the yield; order tickets were missing and one order ticket failed to show

the trade time. The findings also stated that the firm failed to establish, maintain and enforce adequate written supervisory procedures reasonably designed to achieve compliance with applicable transaction reporting requirements under NASD rules concerning TRACE reporting, and failed to maintain an adequate system of supervision reasonably designed to achieve compliance with the requirement to employ a registered options principal. The findings also included that the firm failed to qualify and register a Registered Options Principal for the supervision of options transactions in its customer options accounts, and failed to employ a Compliance Registered Options Principal to perform frequent appropriate supervisory review of its options business to ensure it was in compliance with securities laws, regulations and NASD rules. FINRA found that the firm failed to maintain an accurate Form BD in that it designated as the Senior Registered Options Principal an individual who was no longer associated with the firm. **(FINRA Case #2006003858201)**

Alpine Securities Corporation (CRD #14952, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report accurate trading information through the submission of electronic blue sheets in response to FINRA requests for such information, in that the firm failed to include the short sale indicator on electronic blue sheet records. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning the submission of electronic blue sheet data. **(FINRA Case #20050030784-02)**

Assent LLC (CRD #104162, Hoboken, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$16,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted customer short orders through a trading platform for institutional customers, and for each order, failed to make an affirmative determination that the firm would receive delivery of the security on the customer's behalf, or that the firm could borrow the security on the customer's behalf for delivery by settlement date. **(FINRA Case #20041000042-03)**

Assent LLC (CRD #104162, Hoboken, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$110,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to the Order Audit Trail System (OATS) that contained inaccurate, incomplete or improperly formatted data because OATS was unable to match the reports to the identified receiving firm's related new order reports or to the related reports in SuperMontage or SelectNet. The findings stated that the firm failed to report the correct symbol indicating whether it executed transactions in eligible securities in a principal or agency capacity to the NASDAQ Market Center (NMC). The findings also stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data because it inaccurately denoted limit orders as market orders, and failed to include the time-in-force in new order reports. **(FINRA Case #20050014668-01)**

Bear, Stearns & Co., Inc. (CRD #79, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$25,500 and ordered to pay \$2,119.16, plus interest, in restitution to public customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted customer short sale orders and failed to make an affirmative determination that the firm would receive delivery of the securities on the customers' behalf or that the firm could borrow the securities on the customers' behalf for delivery by settlement date. The findings stated that the firm effected short sales in securities for its proprietary accounts and failed to make an affirmative determination that the firm could borrow the securities or otherwise provide for delivery of the securities by settlement date. The findings also stated that the firm failed, within 90 seconds after execution, to transmit last sale reports of transactions in Consolidated Quotations Service (CQS) securities through the NMC. The findings also included that the firm failed to use reasonable diligence to ascertain the best inter-dealer markets for securities so that the resultant prices to its customers were as favorable as possible under prevailing market conditions. FINRA found that the firm failed to provide written notification disclosing to its customers that it was a market maker in each security, its correct capacity in transactions, and that transactions were executed at an average price; and incorrectly disclosed on a confirmation that the price the customer received was an average price. **(FINRA Case #20041000121-01)**

Crowell, Weedon & Co. (CRD #193, Los Angeles, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$27,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information about customer transactions effected in municipal securities to the Real-time Transaction Reporting System (RTRS) because the firm failed to report information about the transactions within 15 minutes of Time of Trade to an RTRS Portal. The findings stated that the firm failed to report to RTRS the correct time of trade execution for transactions in municipal securities and failed to show the correct execution time on brokerage order memoranda. The findings also stated that the firm failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 15 minutes of execution time. The findings also included that the firm failed to promptly, accurately and completely report customer transactions in municipal securities to RTRS concerning the reported account number, accrued interest, allocation, price, quantity, Committee on Uniform Securities ID Procedure (CUSIP) number or settlement date. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning municipal securities trade reporting and TRACE reporting, and MSRB rules concerning municipal securities trade reporting. **(FINRA Case #20050021855-01)**

CyberTrader, Inc. (CRD #44523, Austin, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. **(FINRA Case #20060039414-01)**

Deutsche Bank Securities, Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted Reportable Order Events (ROEs) to OATS that OATS rejected for context or syntax errors, and that it failed to repair most of the rejected ROEs. **(FINRA Case #20060047177-01)**

Deutsche Bank Securities, Inc. (CRD #2525, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 15 minutes of execution time. **(FINRA Case #20060060150-01)**

EdgeTrade Inc. (CRD #42071, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it submitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the corresponding new order submitted by the destination member firm due to inaccurate, incomplete or improperly formatted data. **(FINRA Case #20050019130-01)**

Finance 500, Inc. (CRD #12981, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$42,000 and required to revise its written supervisory procedures regarding disclosure of order routing information; limit order protection; best execution; the three-quote rule; anti-intimidation and coordination; marking order tickets; affirmative determinations; Automated Confirmation Transaction Service (ACT) trade reporting; threshold securities; OATS; quotations for publication in the Pink Sheets; disclosure of order routing and execution information; trading in front of customer orders; NASD trade-through rules; short sales; locked and crossed markets; trading through quotes; and multiple quotations in different systems for the same security.

Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct symbol indicating whether transactions were buy, sell, sell short, sell short exempt or cross for transactions in reportable securities to ACT (nka NMC). The findings stated that the firm submitted quotations for publication in a quotation medium (Pink Sheets) and did not have in its records the documentation required by SEC Rule 15c2-11(a) (Paragraph (a) information); did not have a reasonable basis under the circumstances for believing the information was accurate in all material respects and that the sources of the information were reliable; and the quotations did not represent a customer's indication of unsolicited interest. The findings also stated that for each quotation, the firm failed to file a Form 211 with FINRA at least three business days before the quotation was published or displayed in a quotation medium. The findings also included that the firm failed to report to ACT the correct symbol indicating whether it executed transactions in reportable securities in a principal or agency capacity and transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data. FINRA found

that when the firm acted as principal for its own account, it failed to provide written notification disclosing to its customers that it was a market maker in each security; failed to provide written notification disclosing its correct capacity in transactions; and failed to disclose a commission equivalent instead of a commission. FINRA also found that the firm failed to show the receipt time on brokerage order memoranda and the correct capacity of the firm on one brokerage order memorandum. In addition, FINRA determined that the firm executed short sale orders and failed to properly mark the order tickets as short, and executed long sales and improperly marked the order tickets as short sale exempt. Moreover, FINRA found that the firm failed to make a profit-sharing disclosure for internalized order flow on its vendor and firm generated SEC Rule 606 Reports; failed to disclose that the firm publishes multiple reports; failed to disclose on each report the identity of the other report; had reports that did not clearly explain the orders for which they applied; and failed to provide a hyperlink on its Web site to its vendor's Internet site where the firm had its report. Furthermore, the findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning disclosure of order routing information; limit order protection; best execution; the three-quote rule; anti-intimidation and coordination; marking order tickets; affirmative determinations; ACT trade reporting; threshold securities; OATS; quotations for publication in the Pink Sheets; disclosure of order routing and execution information; trading in front of customer orders; NASD trade-through rules; short sales; locked and crossed markets; trading through quotes; and multiple quotations in different systems for the same security. **(FINRA Case #20050005925-01)**

Financial Network Investment Corporation (CRD #13572, El Segundo, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures regarding reporting of transactions in TRACE-eligible securities. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 45 minutes of execution time. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning the reporting of transactions in TRACE-eligible securities. **(FINRA Case #20050001783-02)**

GFI Securities LLC (CRD #19982, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accept or decline transactions in reportable securities in the NMC within 20 minutes after execution, when the firm had an obligation to accept or decline in the NMC as the Order Entry Firm (OEID). **(FINRA Case #20060041108-01)**

Hattier, Sanford & Reynoir, LLP (CRD #2148, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed equity trades without employing a Series 55 Registered Equity Trader. The findings stated that the firm failed to report, and to timely report, municipal securities transactions to the MSRB. The findings also stated that the firm failed to report instances in which it had participated in negotiated municipal security underwriting activities. **(FINRA Case #2006003763601)**

Lehman Brothers Inc. (CRD #7506, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it had a fail-to-deliver position in a threshold security at a registered clearing agency for 13 consecutive settlement days, and failed to immediately thereafter close out the fail-to-deliver position by purchasing securities of like kind and quantity. The findings stated that the firm continued to have a fail-to-deliver position which it failed to close out as required in the security at the registered clearing agency for 10 consecutive settlement days thereafter. **(FINRA Case #20050028026-01)**

Libertas Partners LLC (CRD #124790, Greenwich, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of the execution time. The findings stated that the firm failed to enforce its written supervisory procedures that specified that the designated supervisor would review transactions in TRACE-eligible securities on a daily basis for timeliness, completeness and accuracy, and would evidence the review by initialing internal reports or blotters. **(FINRA Case #20050014039-01)**

Moors & Cabot, Inc. (CRD #594, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$40,000 and required to revise its written supervisory procedures regarding registration of employees, order handling, best execution, anti-competitive practices, trade reporting, short sale transactions, firm quote compliance, OATS, recordkeeping and information barriers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to show the correct order entry time and/or execution time on brokerage order memoranda; failed to show the correct terms and conditions on brokerage order memoranda; and failed to preserve for a period of not less than three years, the first two in an accessible place, brokerage order memoranda. The findings stated that the firm transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data; and failed to provide written notification disclosing to its customers either its correct capacity in transactions, that it was a market maker in the security transacted, or that transactions were executed at an average price.

The findings also stated that the firm made available a report on the covered orders in national market system securities it received for execution from any person that contained incorrect information as to number of shares "executed away," time required to execute orders and order type/size groupings. The findings also included that the firm failed to notify customers, in writing, at least annually, of the availability on request of information concerning the identity of the venue to which the customers' orders were routed for execution in the six months prior to the request. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning registration of employees, order handling, best execution, anti-competitive practices, trade reporting, short sale transactions, firm quote compliance, OATS, recordkeeping and information barriers. **(FINRA Case #20050011914-01)**

Multi-Financial Securities Corporation (CRD #10299, Denver, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,000 and required to revise its written supervisory procedures concerning TRACE reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 45 minutes of execution time and also failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of the execution time. The findings stated that the firm failed to report the correct execution time for transactions in TRACE-eligible securities to TRACE. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning TRACE reporting. **(FINRA Case #20070085804-01)**

NBC Securities, Inc. (CRD #17870, Birmingham, Alabama) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it reported transactions in TRACE-eligible securities to TRACE that it was not required to report. The findings stated that the firm failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of the execution time. The findings also stated that the firm failed to enforce its written supervisory procedures that specified that the operations manager review daily TRACE reports to ensure compliance with reporting requirements. **(FINRA Case #20050020364-02)**

The O.N. Equity Sales Company (CRD #2936, Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities to TRACE that it was required to report. **(FINRA Case #20050024338-01)**

Penson Financial Services, Inc. (CRD #25866, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$20,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it permitted, without the customers' consent, the hypothecation of customer securities positions under circumstances that permitted the commingling of these securities positions with non-customer securities positions in order to collateralize bank loans. **(FINRA Case #E062005013001)**

Sammons Securities Company, LLC (CRD #115368, Ann Arbor, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$10,500 and required to revise its written supervisory procedures with respect to reporting transactions to TRACE. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of execution time, and failed to report the correct trade execution time for transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to show the correct execution time on brokerage order memoranda. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning reporting transactions to TRACE. **(FINRA Case #20050015238-01)**

Seaboard Securities, Inc. (CRD #755, Florham Park, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$14,000 and required to revise its written supervisory procedures concerning accuracy of TRACE reporting. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the lower of yield to call or yield to maturity for transactions in TRACE-eligible securities to TRACE, and failed to show the time of receipt, entry and execution on brokerage order memoranda. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning TRACE reporting accuracy. The findings also stated that the firm published quotations for over-the counter (OTC) equity securities or, directly or indirectly, submitted quotations for publication in a quotation medium (Pink Sheets) and did not have in its records the documentation required by SEC Rule 15c2-11(a) (Paragraph (a) information), and did not have a reasonable basis under the circumstances for believing the information was accurate in all material respects and the sources of the information were reliable. The findings included that the quotations did not represent a customer's indication of unsolicited interest. FINRA found that for each quotation, the firm failed to file a Form 211 with FINRA at least three business days before the quotation was published or displayed in a quotation medium. **(FINRA Case #20050001569-01)**

Susquehanna Capital Group (CRD #29337, Bala Cynwyd, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$55,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data, and failed to report the yield for transactions in TRACE-eligible securities to TRACE. The findings stated that the firm failed to report short sale transactions to the NMC with a short sale modifier. The findings also stated that the firm failed, within 90 seconds after execution, to transmit through the NMC last sale reports of transactions in NNM, SmallCap (SC) and CQS securities; incorrectly designated as “.PRP” through the NMC last sale reports of transactions in NASDAQ National Market (NNM), SC and CQS securities reported to the NMC and incorrectly designated as “.SLD” through the NMC last sale reports of transactions in CQS securities reported to the NMC. **(FINRA Case #20050023569-01)**

Terra Nova Financial, LLC (CRD #37761, Chicago, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to OATS that contained inaccurate, incomplete or improperly formatted data because OATS was unable to match the reports to the identified receiving firm’s related new order reports. **(FINRA Case #20050014752-01)**

Thomas Weisel Partners, LLC (CRD #46237, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$40,000 and required to revise its written supervisory procedures with respect to registration and qualification of associated persons, order handling, best execution, trade reporting, sales transactions, firm quote and OATS. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the NMC the correct number of shares for transactions in eligible securities effected solely on the firm’s program trading desk. The findings stated that the firm submitted orders to OATS that contained an inaccurate execution time; reports that incorrectly contained the reporting exception code “.T”; and the firm failed to submit required information to OATS for one order. The findings also stated that the firm failed to mark its trading ledger as short or exempt. The findings also included that the firm failed to provide written notification disclosing to its customers its correct capacity in transactions, and incorrectly disclosed to its customers that transactions were executed at an average price when transactions were executed on a single execution. FINRA found that the firm failed to establish, maintain and/or enforce adequate written supervisory procedures for registration and qualification of associated persons, order handling, best execution, trade reporting, sales transactions, firm quote and OATS. **(FINRA Case #20050021637-01)**

Tradition Asiel Securities Inc. (CRD #28269, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report the correct execution time to NASDAQ in late, last sale reports of transactions in CQS securities and incorrectly

designated the reports as “I.” The findings stated that the firm failed, within 90 seconds after execution, to transmit to NASDAQ last sale reports of eligible securities and failed to designate them as late. **(FINRA Case #20050017970-01)**

UBS Financial Services Inc. (CRD #8174, Weehawken, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined \$30,000 and ordered to pay \$11,630, plus interest, in restitution to public customers. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to use reasonable diligence in customer transactions to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant prices to its customers were as favorable as possible under prevailing market conditions. **(FINRA Case #20050022470-01)**

UVEST Financial Services Group, Inc. (CRD #13787, Charlotte, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$39,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that contrary to the firm’s AMLCP, it failed to use exception reports to detect and report suspicious activity, relying on its clearing firm and occasional, unsolicited referrals from employees to detect suspicious activity. The findings stated that a member of the firm’s senior management did not approve its AMLCP in writing, and the firm failed to include procedures to monitor for compliance with Section 311 of the USA PATRIOT Act. The findings also stated that the firm failed to inspect some of its Offices of Supervisory Jurisdiction (OSJ) at least annually and failed to inspect some of its non-OSJ branch offices at least once every three years. The findings also included that the firm failed to enforce its written supervisory procedures concerning employee securities held outside the firm, and failed to maintain and evidence its review of employee statements showing securities accounts held outside the firm.

FINRA found that the firm failed to timely report customer complaints in quarterly reports to FINRA, failed to timely report a customer complaint that resulted in a settlement exceeding \$15,000, failed to timely file amendments to Forms U4, and failed to timely file amendments to the Uniform Termination Notice for Securities Industry Registration (Form U5) for a person formerly registered with the firm. **(FINRA Case #E072005012701)**

Weller, Anderson & Co., Ltd. (CRD #23736, Houston, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report transactions in TRACE-eligible securities executed on a business day during TRACE system hours to TRACE within 30 minutes of execution time, and failed to report transactions in TRACE-eligible securities executed at or after 6:30 p.m. Eastern Time through 11:59:59 p.m. Eastern Time to TRACE within 30 minutes after the TRACE system opened the next business day. The findings stated that the firm failed to enforce its written supervisory procedures with respect to TRACE trade reporting and failed to document that it conducted the review described in its written supervisory procedures. **(FINRA Case #20050004552-01)**

White Pacific Securities, Inc. (CRD #42505, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its written AML procedures pertaining to the independent test FINRA required were not reasonably designed to determine that its written AML program and its implementation of the program satisfied NASD Rule 3011 because the procedures lacked specificity as to the nature and scope of the test; did not provide for the establishment and preservation of test records and did not indicate how the firm would respond to any deficiencies noted during the test. The findings stated that the firm's test of its AML program was inadequate in that it consisted of an interview of the firm's AML compliance officer by the individual retained to conduct the test. The findings also stated that the firm did not create and maintain AML training records for two years as required in its written AML program. The findings also included that the firm's written AML program did not incorporate practices and procedures the firm employed to detect and appropriately report suspicious activity in customer accounts; did not adequately address the risks customer accounts posed and did not describe its use of exception reports received from its clearing firms.

FINRA found that the firm's system and procedures for the preservation of electronic communications were not reasonably designed to cause the preservation of all required communications because it allowed for deletions prior to the once-monthly transfer of communications from individual mail boxes on the server to a permanent storage medium, and the firm did not conduct periodic retrospective reviews or "spot-checks" to determine whether its system was preserving communications in compliance with SEC Rule 17a-4. **(FINRA Case #20060037684-01)**

Wilson-Davis & Co., Inc. (CRD #3777, Salt Lake City, Utah) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined \$25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report accurate trading information through the submission of electronic blue sheets in response to FINRA requests for such information. The findings stated that the firm failed to include the short sale indicator for electronic blue sheet records. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning the submission of electronic blue sheet data. **(FINRA Case #20050025082-02)**

Individuals Barred or Suspended

Thaddeus Edem Akloyo (CRD #5159766, Associated Person, Owing Mills, Maryland) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Akloyo failed to respond to FINRA requests for information. The findings stated that Akloyo willfully failed to disclose material information on his Form U4. **(FINRA Case #2006005849101)**

Quinton Allen Bailey (CRD #2969651, Registered Principal, Jamaica, New York)

submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$15,000, suspended from association with any FINRA member in any capacity for one year and barred from association with any FINRA member in a supervisory/principal capacity. The fine must be paid either immediately upon Bailey's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Bailey consented to the described sanctions and to the entry of findings that he knowingly falsified, and caused to be falsified, records reflecting the supervisory review of daily trade blotters by backdating the blotters so that they appeared to have been reviewed within the time his member firm required. The findings stated that Bailey inaccurately certified that he completed supervisory reviews when he had not yet completed the reviews. The findings also stated that Bailey asked notaries public, who were employees of his member firm or its affiliate, to notarize signatures previously executed by customers who were not present in the office at the time of his requests and at least, on one occasion, his request was successful and a signature was improperly notarized.

The suspension in any capacity will be in effect from October 1, 2007, through September 30, 2008. **(FINRA Case #2005002680801)**

Stephen Kent Brombach (CRD #2004305, Registered Representative, Marysville, Washington)

submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Brombach consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior notice to, and approval from, his member firm. The findings stated that Brombach received funds for investment in a real estate investment trust (REIT) but did not direct the funds to the REIT as intended, thereby making improper use of customers' and investors' funds. The findings also stated that Brombach issued account statements to investors that falsely represented that their funds had been placed in a REIT and that Brombach offered securities through his member firm and referred to the purported REIT as a financial holding with his firm, thereby misrepresenting to investors that their interests in a REIT were offered through and/or held by his firm. The findings also included that Brombach failed to respond to FINRA requests for information. **(FINRA Case #2006006326901)**

Marie Laurence Clerge (CRD #4045999, Associated Person, Wellington, Florida)

submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$10,000 and suspended from association with any FINRA member in any capacity for seven business days. Without admitting or denying the findings, Clerge consented to the described sanctions and to the entry of findings that she held the title of, and performed the duties of, Chief Compliance Officer of her member firm without being registered in the required general securities representative and general securities principal capacities.

The suspension in any capacity was in effect from October 15, 2007, through October 23, 2007. **(FINRA Case #E072005008601)**

Nicholas Arthur Connolly (CRD #4650966, Registered Representative, Plaistow, New Hampshire) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Connolly's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Connolly consented to the described sanctions and to the entry of findings that without public customers' knowledge, authorization or consent, he signed their signatures on documentation in connection with the purchase of various insurance policies.

The suspension in any capacity is in effect from October 1, 2007, through March 31, 2008. **(FINRA Case #2006006759001)**

Kent Leroy Erickson (CRD #2218687, Registered Principal, Mount Vernon, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for one month. In light of Erickson's financial status, no monetary sanctions were imposed. Without admitting or denying the findings, Erickson consented to the described sanction and to the entry of findings that he borrowed \$2,000 from a public customer and subsequently repaid the loan in full even though his member firm did not have written procedures allowing the borrowing and lending of money between its registered persons and its customers.

The suspension in any capacity was in effect from October 1, 2007, through October 31, 2007. **(FINRA Case #2006006477301)**

Myrtle Jean Gilpin-Morgan (CRD #2804595, Registered Representative, Elmont, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$10,000, suspended from association with any FINRA member in any capacity for one year and ordered to pay \$45,775.23, plus interest, in restitution to a public customer. The fine and restitution must be paid either immediately upon Gilpin-Morgan's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gilpin-Morgan consented to the described sanctions and to the entry of findings the she engaged in excessive and unsuitable trading in a public customer's Individual Retirement Account (IRA) of over which she exercised written discretionary authority, and was inconsistent with the investment objectives and financial situation and needs of the customer. The findings stated that Gilpin-Morgan settled, or attempted to settle, a customer complaint by sending the customer personal checks totaling \$6,000, without providing prior notice to her member firm regarding her settlement efforts with the customer.

The suspension in any capacity is in effect from October 15, 2007, through October 14, 2008. **(FINRA Case #2006006859201)**

Barbara Jill Guenther (CRD #2673244, Registered Representative, Cincinnati, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Guenther's reassociation with

a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Guenther consented to the described sanctions and to the entry of findings that she signed a public customer's name on a document in order to effect a variable annuity replacement without the customer's knowledge or consent.

The suspension in any capacity is in effect from October 15, 2007, through January 14, 2008. **(FINRA Case #2006006285301)**

Earl David Glick (CRD #2248187, Registered Principal, Cortland, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Glick consented to the described sanctions and to the entry of findings that at the direction of a customer's relative, he made withdrawals totaling \$66,000 from a public customer's IRA without the customer's knowledge or consent. The findings stated that Glick effected the withdrawals in the absence of written or oral authorization to exercise discretion in the account and without a relative's authority, written or otherwise, to accept direction for trades in the customer's account.

The suspension in any capacity was in effect from October 1, 2007, through October 12, 2007. **(FINRA Case #2006005875701)**

William Ray Harrington (CRD #2786686, Registered Representative, Clearwater, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Harrington consented to the described sanction and to the entry of findings that his member firm's parent company issued him a corporate credit card to pay insurance agent and licensing fees to various state departments of insurance, but he used the credit card to convert to his own use and benefit \$119,721.91 of the insurance company's funds. **(FINRA Case #2006006445701)**

Jacqueline Denise Harris (CRD #3139400, Registered Principal, Highlands Ranch, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Harris consented to the described sanction and to the entry of findings that she submitted expenses for reimbursement totaling \$5,000 to her member firm and represented that the corporate credit card expenditures were properly reimbursable business expenses when they actually consisted of personal expenses, previously reimbursed expenses and non-reimbursable expenses. The findings stated that Harris' firm subsequently reimbursed the improperly claimed expenses and Harris accepted the reimbursements. **(FINRA Case #2006005888601)**

Owen Robert Hubbs (CRD #3259714, Registered Representative, Kent, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$21,653.75, which included the disgorgement of \$1,653.75 in commissions received, and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Hobbs' reassociation with a FINRA

member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Hubbs consented to the described sanctions and to the entry of findings that he purchased, or caused to be purchased, mutual funds and shares in public customers' REIT account without the customers' knowledge or consent and in the absence of written or oral authorization to exercise discretion in the account.

The findings stated that in order to effect the purchase of the mutual funds and REIT shares, Hubbs wrote a more current date next to the signature of one of the customers, who was deceased, on a customer account transfer form, falsely implying that the customer had signed the form on that date. The findings stated that the form was made a part of Hubbs' member firm's books and records, causing a record of the firm to be falsified. The findings also included that in order to effect the purchase of the mutual fund and REIT shares, Hubbs affixed the deceased customer's signature and initials to an investment disclosure document and submitted the document and a "rationale" document which purportedly discussed the purchases with the deceased to his member firm, thereby misrepresenting the facts regarding the purchases to his firm and causing a firm record to be falsified.

The suspension in any capacity is in effect from October 1, 2007, through September 30, 2009. **(FINRA Case #2006005569701)**

Ivan N. Ilnitskiy (CRD #5281655, Associated Person, Redmond, Washington) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Ilnitskiy's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Ilnitskiy consented to the described sanctions and to the entry of findings that he misrepresented a material fact on his Form U4.

The suspension in any capacity is in effect from October 1, 2007, through December 31, 2007. **(FINRA Case #2007008117501)**

Ronald William Jinings (CRD #1852470, Registered Representative, Redmond, Oregon) was barred from association with any FINRA member in any capacity and ordered to reimburse a public customer \$6,996.82, plus interest. The sanctions were based on findings that Jinings borrowed \$12,000 from a public customer in violation of his member firm's written policy prohibiting its registered representatives from borrowing money from a customer without the firm's prior approval unless the customer was a member of the representative's immediate family. The findings stated that Jinings failed to respond to FINRA requests for information. **(FINRA Case #2006003877901)**

Thomas George Karidas (CRD #1568680, Associated Person, Athens, Greece) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Karidas consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request for an on-the-record interview. **(FINRA Case #2005002180701)**

Michael Joseph Knapp (CRD #1303926, Registered Principal, Grand Rapids, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Knapp consented to the described sanction and to the entry of findings that he engaged in private securities transactions without prior written notice to, or prior written approval from, his member firm. The findings stated that Knapp failed to respond to a FINRA request for an on-the-record interview.

(FINRA Case #20070076901-01)

Barbara Ann Koontz (CRD #1487389, Registered Principal, Brownsville, Oregon) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Koontz consented to the described sanctions and to the entry of findings that she deposited \$200 into a public customer's bank account to settle a complaint regarding the delay in purchasing a fixed annuity and failed to inform her member firm of the settlement.

The suspension in any capacity was in effect from October 15, 2007, through October 26, 2007. **(FINRA Case #2006005879301)**

Marc Alan Levy (CRD #2369929, Registered Principal, Boynton Beach, Florida) submitted an Offer of Settlement in which he was fined \$20,000, which included disgorgement of \$1,468 in commissions, and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Levy's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Levy consented to the described sanctions and to the entry of findings that he participated in private securities transactions without prior written notice to, or prior written approval from, his member firm. The findings stated that Levy failed to respond to FINRA requests for documents and information.

The suspension in any capacity is in effect from October 1, 2007, through September 30, 2009. **(FINRA Case #2005003329101)**

Ellen Rose Lozinski (CRD #2372418, Registered Principal, Great River, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was fined \$7,500 and suspended from association with any FINRA member in a principal capacity for 30 days. Without admitting or denying the findings, Lozinski consented to the described sanctions and to the entry of findings that a member firm, acting through Lozinski, conducted a securities business while under its minimum net capital requirement. The findings stated that Lozinski failed to establish, maintain and enforce written supervisory control policies and procedures pursuant to NASD Rule 3012 and ensure that the firm completed an annual certification, certifying that it had processes in place to establish, maintain, review, test and modify written compliance policies and written supervisory procedures to comply with applicable securities rules and regulations.

The suspension in a principal capacity was in effect from October 1, 2007, through October 30, 2007. **(FINRA Case #2006003892001)**

Michelle Marie Mayo (CRD #2403554, Registered Principal, Paw Paw, Michigan) was fined \$5,000 and suspended from association with any FINRA member in any capacity for one year. The fine is due and payable when, and if, Mayo seeks to return to the securities industry. The sanctions were based on findings that Mayo falsified employment documents her member firm used to determine individuals' sales aptitude to become insurance agents and registered representatives.

The suspension in any capacity is in effect from October 1, 2007, through September 30, 2008. **(FINRA Case #E8A2004103102)**

Jose Rafael Mirabal (CRD #4042589, Registered Representative, Weston, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mirabal failed to respond to FINRA requests for information and to provide testimony. **(FINRA Case #2005002701701)**

Douglas Jerry Morris (CRD #2860318, Registered Representative, Bartlett, Tennessee) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Morris failed to amend his Form U4 with material information and failed to respond to FINRA requests for information. **(FINRA Case #2006006947401)**

Edward Ray Mounts (CRD #2738403, Registered Representative, South Charleston, West Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Mounts consented to the described sanction and to the entry of findings that he engaged in an outside business activity, for compensation, without providing prompt, written notice to his member firm. The findings stated that after Mounts was directed to terminate his relationship with the company with which he was conducting his outside business activity, he gave his firm a letter, purportedly from the company, confirming that the business transactions had been cancelled and that Mounts would no longer be associated with the company. The findings also stated that the letter was not from the company and did not accurately reflect the nature and extent of Mounts' continuing outside business activities. **(FINRA Case #2007007997801)**

Joey N. Perez (CRD #4739449, Registered Representative, Houston, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Perez issued a bank debit card on a public customer's bank account without the customer's knowledge or authorization. The findings stated that Perez gave the unauthorized debit card to an acquaintance who used the card on numerous occasions, causing unauthorized aggregate withdrawals of \$13,744 from the customer's bank account. The findings also stated that Perez failed to respond to FINRA requests for information and documents. **(FINRA Case #2006005690401)**

Jeffrey Charles Plunkett (CRD #2731884, Registered Principal, Tulsa, Oklahoma) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Plunkett drew checks on public customers' accounts by forging the customers' signatures on the checks and cashing the checks without the customers' authorization, knowledge or consent, thereby converting \$539,252 to his own use and benefit. The findings stated that Plunkett failed to respond to FINRA requests for information. **(FINRA Case #2005003235201)**

David Alexander Ricca (CRD #3202131, Registered Representative, Clifton, New Jersey) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Ricca received \$25,000 from a public customer for investment purposes and failed to invest the funds as directed, thereby converting the funds to his own use and benefit. The findings stated that Ricca borrowed \$25,000 from a public customer in contravention of his member firm's written policies and procedures, prohibiting employees from borrowing money from customers. The findings also stated that the firm was not aware of, and did not approve Ricca's loan from the customer. The findings also included that Ricca failed to respond to FINRA requests for information. **(FINRA Case #2006004672701)**

Joseph R. Rivera (CRD #2032077, Registered Representative, Sicklerville, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Rivera's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Rivera consented to the described sanctions and to the entry of findings that he signed a public customer's initials and signature on a disclosure form without the customer's authorization or consent.

The suspension in any capacity is in effect from October 15, 2007, through January 14, 2008. **(FINRA Case #2006005957801)**

Mark J. Sanpietro (CRD #2794564, Registered Principal, Lincroft, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Sanpietro consented to the described sanction and to the entry of findings that he affixed a public customer's signature to a wire transfer authorization letter without the customer's authorization or consent. The findings stated that Sanpietro submitted false responses and a backdated document in response to FINRA's requests for information. **(FINRA Case #2006003836501)**

Brian Jonathon Schuster (CRD #2894479, Registered Principal, Syracuse, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Schuster consented to the described sanction and to the entry of findings that he made unsuitable recommendations to public customers without reasonable grounds for believing that such transactions were suitable for the customers in view of their financial situations, investment objectives and financial needs. The findings stated that to induce the purchase of securities, Schuster failed to disclose material facts that demonstrated the securities' risks and true financial conditions even though he had knowledge of such facts. **(FINRA Case #2006004949201)**

Todd William Sens (CRD #2558107, Registered Representative, Robbinsdale, Minnesota) submitted an Offer of Settlement in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Sens consented to the described sanction and to the entry of findings that he received checks totaling \$3,528.60 from a public customer to pay life insurance premiums, failed to follow the customer's instructions and either cashed the checks or deposited them

into his business checking account, and used the funds for his personal benefit. The findings stated that Sens failed to respond to FINRA requests for information. **(FINRA Case #20060050165-01)**

John Arthur Shalvey (CRD #1916061, Registered Principal, Westerville, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Shalvey consented to the described sanction and to the entry of findings that he opened securities accounts with a different member firm and did not notify his member firm, or the other firm, in writing, of his association with each firm prior to opening the accounts. The findings stated that Shalvey engaged in securities trading in the account with public customers with the expectation that he would share in the anticipated profits (and losses) with the customers without prior written authorization from the customers or from his firm for this sharing arrangement. The findings also stated that Shalvey knowingly placed false information on his firm's annual compliance questionnaire and on another firm's official forms when he completed new account forms, falsely claiming that he did not maintain securities accounts away from his firm, that he was not associated with FINRA member firms and intentionally concealing the true beneficial ownership of the accounts he shared with customers. **(FINRA Case #2005002351201)**

Chung Dinh Tran aka Tony Tran (CRD #5032068, Associated Person, Alameda, California) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Tran willfully failed to disclose material information on his Form U4 and failed to respond to FINRA requests for documents and information. **(FINRA Case #20060051879-01)**

Tuyen Quang Tran (CRD #4239414, Registered Representative, Forth Worth, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Tran failed to respond to FINRA requests for testimony. The findings stated that Tran falsified documents by knowingly submitting documents with forged signatures and representing to his member firm that they were genuine. **(FINRA Case #2006005100101)**

Eugene Roy Umhafer (CRD #1076841 Registered Representative, North Bellmore, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Umhafer consented to the described sanction and to the entry of findings that he accepted, endorsed and deposited into his own bank account checks totaling more than \$2,500 received from a public customer made payable directly to him with the understanding that Umhafer would use the funds to pay the customer's interest payments on loans against his whole life insurance policies. The findings stated that Umhafer purportedly used the funds deposited into his bank account to purchase money orders which he claimed he sent to his member firm, and failed to follow up and ensure that his member firm received the money orders that he allegedly purchased with the customer's funds and that the customer's funds were properly being applied

to the customer's outstanding loan balances. The findings stated that Umhafer's member firm never received the money orders Umhafer allegedly purchased with the commingled funds. **(FINRA Case #2006005642201)**

Ashley Renee Vuagniaux (CRD #4480029, Registered Representative, Springfield, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Vuagniaux consented to the described sanction and to the entry of findings that she made unauthorized charges of \$7,316.17 on the credit card of her direct supervisor's business and made unauthorized money transfers from the business' credit line account to the business' bank account and wrote unauthorized checks totaling \$3,150 from that account payable to herself, which she cashed. The findings stated that Vuagniaux took these actions without her direct supervisor's knowledge, authorization or consent. **(FINRA Case #20070077039-01)**

R. McClure Webb III (CRD #2609775, Registered Principal, Columbia, South Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined \$25,000, suspended from association with any FINRA member in any principal or supervisory capacity for one year and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Webb's reassociation with a FINRA member firm following his suspensions, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Webb consented to the described sanctions and to the entry of findings that he failed to establish and maintain a system to supervise the activities of his member firm's registered representatives and associated persons reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules. The findings stated that Webb failed to develop adequate procedures regarding reviewing and retaining electronic mail and instant message communications and failed to develop adequate written supervisory procedures regarding the amendment of Forms U4 and Forms U5. The findings also stated that Webb failed to report, and to timely report, information regarding customer complaints to FINRA. The findings also included that Webb failed to amend, or to timely amend, Forms U4 and/or Forms U5 of several existing and former firm registered representatives to disclose customer complaints. FINRA found that Webb failed to timely appear to provide on-the-record testimony to FINRA.

The suspension in any capacity is in effect from October 15, 2007, through April 14, 2008 and the suspension in a principal or supervisory capacity is in effect from October 15, 2007, through October 14, 2008. **(FINRA Case #E062005001601)**

Michael Kit Yong Yap (CRD #2124707, Registered Principal, San Francisco, California) was fined \$80,000, suspended from association with any FINRA member in any capacity for six months and ordered to requalify by examination before serving in any registered capacity. The sanctions were based on findings that Yap entered into an oral agreement with a potential customer whereby he would open an account in the customer's name at his member firm, fund the account and engage in day-trading for a period of time during which Yap would cover all potential losses in the account. The

findings stated that Yap failed to disclose his beneficial ownership in the customer's account to his member firm. The findings also stated that Yap failed to obtain written authorization from the customer and written acceptance from his firm to exercise discretion in the account.

The suspension in any capacity is in effect from October 1, 2007, through April 29, 2008. (FINRA Case #E0120040004-01)

Decision Issued

The Office of Hearing Officers (OHO) issued the following decision, which has been appealed to or called for review by the NAC as of September 30, 2007. The NAC may increase, decrease, modify or reverse the findings and sanctions imposed in the decision. Initial decisions which time for appeal has not yet expired will be reported in the next FINRA Notices.

Domestic Securities, Inc. (CRD #34721, Montvale, New Jersey) was fined \$10,000 and required to retain an independent consultant to conduct a prompt review of its AML program and its implementation of that program. The findings stated that the firm failed to develop and implement an AML program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and the implementing regulations promulgated thereunder.

This decision has been called for review by the National Adjudicatory Council (NAC) and the sanctions are not in effect pending consideration of the review. (FINRA Case# 2005001819101)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding the allegations in the complaint.

Jerry William Burch (CRD #1450138, Registered Principal, Newport Coast, California) was named as a respondent in a FINRA complaint alleging that he recommended the purchase of a common stock without disclosing his material adverse interest. The complaint alleges that Burch, directly or indirectly, by use of means or instrumentalities of interstate commerce, intentionally or recklessly employed a device, scheme or artifice to defraud or engaged in an act, practice or course of business which operated or would operate as a fraud or deceit in connection with the purchase or sale of a security. The complaint also alleges that Burch failed to notify his member firm, in writing, of the existence of an account in which he had a financial interest and failed to notify the other member firm, in writing, of his association with a member firm. The complaint further alleges that Burch falsely told his member firm that customer purchases of a

stock were unsolicited or otherwise failed to disclose that he solicited his customers' purchase of the stock; and created false, inaccurate or misleading firm records that his customers' purchases of the stock were unsolicited when, in fact, he had solicited customers. In addition, the complaint alleges that Burch willfully failed to amend his Form U4 with material information. **(FINRA Case #2005000324301)**

Richard Alan Daniels (CRD #60736, Registered Representative, Chagrin Falls, Ohio) was named as a respondent in a FINRA complaint alleging that he sold unregistered securities to public customers that did not have the represented purpose of generating extraordinary profitable returns for investors, but rather had the purpose of promoting an illegal Ponzi scheme and supporting Daniels' personal debts and expenses. The complaint alleges that Daniels falsely represented, orally and in writing, that customer funds would be invested and used to purchase interest bearing promissory notes and that the promissory notes were low to zero risk and were achieving returns. The complaint also alleges that Daniels embezzled funds from existing clients who had legitimate securities accounts on which he was the sales representative of record and forged their signatures on withdrawal requests and wire transfer authorizations without disclosing this to his member firm or the clients. The complaint further alleges that Daniels, directly or indirectly, by use of means or instrumentalities of interstate commerce, intentionally or recklessly employed a device, scheme or artifice to defraud or engaged in an act, practice or course of business that operated or would operate as a fraud or deceit in connection with the purchase or sale of a security. In addition, the complaint alleges that Daniels failed to fully respond to FINRA requests for information. **(FINRA Case #2005003642901)**

Scott Howard Weissman (CRD #2664118, Registered Representative, Miami, Florida) was named as a respondent in a FINRA complaint alleging that, without the knowledge or consent of a public customer, he instructed his member firm's clearing firm to transfer \$30,000 from the customer's brokerage account to a bank account for a movie production company of which Weissman was president. The complaint alleges that Weissman completed a wire-transfer instruction form, without the customer's knowledge or consent, which he faxed to the clearing firm and had a relative sign his name on the space provided above the customer's printed name and Weissman printed and signed his own name below the customer's printed name. The complaint also alleges that when the customer discovered the fund transfer, Weissman represented to the customer that the wire transfer was in error but failed to return all the funds to the customer. The complaint further alleges that without the knowledge or consent of public customers, Weissman faxed a wire-transfer instruction form to the clearing firm authorizing the transfer of \$8,000 from the public customers' joint account to a bank account for the purchase of a common stock that the customers were not interested in purchasing and failed to return the funds after one of the customers noticed the stock purchase in the account. In addition, the complaint alleges that Weissman sold shares of a common stock that was not registered with the SEC and was not exempt from registration. The complaint also alleges that Weissman earned \$304,206 from the sales of the unregistered security. **(FINRA Case #2005001067201)**

Firm Suspended for Failure to Supply Financial Information

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Hunting Party Securities, Ltd.
Stamford, Connecticut
(April 18, 2007 – September 17, 2007)

Individuals Revoked for Failing to Pay Fines and/or Costs in Accordance with NASD Rules 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Mark W. Bender
Webster, New York
(September 13, 2007)

Patricia Wolff Schaen
New York, New York
(September 13, 2007)

Individuals Barred Pursuant to NASD Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Michael Edward Armentrout
Washington, DC
(September 13, 2007)

Shawn Clay
Charlevoix, Michigan
(September 26, 2007)

Warren Craig Coetzer
Fort Worth, Texas
(September 4, 2007)

James Jameke Eady
Brooklyn, New York
(September 18, 2007)

Nicholas David Glogovac
Los Angeles, California
(September 19, 2007)

Angel R. Gomez
SW Ranches, Florida
(September 19, 2007)

William Anthony Kaso
Penbroke Pines, Florida
(September 4, 2007 – October 23, 2007)

Calvin L. Kelle
Quincy, Illinois
(September 28, 2007)

Michael Pica Jr.
Franklin Square, New York
(September 4, 2007)

Lori Elizabeth Zoval
Stateline, Nevada
(September 20, 2007)

**Individuals Suspended Pursuant to
NASD Rule 9552(d)**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Barry Lee Bellan
South Bend, Indiana
(September 17, 2007)

Randy Scott Plumley
Blossvale, New York
(September 11, 2007)

Tiffany Lynne Simon
Columbus, Ohio
(September 4, 2007)

John Andrew Trout
St. Claire Shores, Michigan
(September 12, 2007)

Todd Allyn Williams
Akron, Ohio
(September 17, 2007)

**Individuals Suspended Pursuant to
NASD Rule Series 9554 for Failure to
Comply with an Arbitration Award or
Settlement Agreement**

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Robert Wayne Blauvelt
Hamilton, Georgia
(September 5, 2007)

Dwight Oneal Fulton Jr.
Fort Lauderdale, Florida
(September 18, 2007)

Mark Goldberg
Middle Village, New York
(April 20, 2007 - September 25, 2007)

Nicholas Tarcher Krantz
North Hollywood, California
(September 5, 2007)

Kevin W. Parsells
Holmdel, New Jersey
(September 26, 2007)

Steven Lawrence Schlesinger
New York, New York
(September 26, 2007)

Theodore Francis Staats
Wexford, Pennsylvania
(September 20, 2007)

Gil Eugene Tallman
Fort Wayne, Indiana
(August 31, 2007)

FINRA Fines AXA Advisors \$1.2 Million for Fee-Based Account Violations, Orders Return of \$1.4 Million in Fees to Approximately 1,800 Customers

Firm Voluntarily Adds \$1.2 Million to Customer Refund Fund

The Financial Industry Regulatory Authority (FINRA) has fined AXA Advisors, LLC, \$1.2 million for failing to adequately supervise its fee-based brokerage business and distributing misleading sales literature for its fee-based brokerage account program, CapAdvantage, between 2001 and 2005.

FINRA also ordered AXA Advisors to return \$1.4 million in fees to approximately 1,800 customers who were inappropriately placed or kept in fee-based brokerage accounts. The firm is voluntarily refunding customers an additional \$1.2 million, making the total amount returned to CapAdvantage customers more than \$2.6 million. AXA Advisors also unilaterally took steps to enhance its system and procedures and to close accounts that were not appropriate for CapAdvantage. FINRA considered these steps taken by AXA Advisors in determining the sanctions in this case.

"When a firm offers a new service to customers, such as a fee-based brokerage account, it must tailor its supervisory systems to the newly offered product," said Susan L. Merrill, FINRA Executive Vice President and Chief of Enforcement. "AXA Advisors failed to put in place supervisory systems designed to ensure that its CapAdvantage fee-based account was appropriate for the customers it placed in the program. The firm also provided inaccurate information to brokers and customers about how fees would be assessed in these accounts."

In fee-based brokerage accounts, customers are charged an annual fee that is usually a percentage of the assets in the account with an annual minimum, rather than a commission for each transaction as in a traditional brokerage account. As a result, the compensation earned by the firm and the broker is generally not dependent on whether a customer buys or sells securities. These accounts first became available in 1999 as a result of a proposed Securities and Exchange Commission (SEC) rule that exempted brokers from certain elements of the Investment Advisers Act of 1940. In March of this year, a federal court struck down the final version of that SEC rule.

FINRA found that during the period when AXA Advisors developed CapAdvantage, prior to its 2001 launch, the firm was aware that fee-based brokerage accounts raised new supervisory and compliance issues. AXA Advisors designed the product for investors with a minimum balance of \$50,000 and who were not "buy-and-hold" investors, but who would engage in at least some trading. While the firm instructed its brokers that low balance accounts, infrequently traded accounts, and several other classes of accounts required close monitoring, it failed to adequately supervise for these issues.

FINRA found that the firm's system and procedures were not reasonably designed to determine whether the program initially was, or remained, appropriate for customers opening CapAdvantage accounts. One result of this was that AXA Advisors allowed many investors with less than \$50,000 in assets to open CapAdvantage accounts. For example, one customer opened a fee-based account with just \$2,000 and AXA Advisors assessed fees until the account was depleted of all funds. The firm also allowed numerous customers to maintain accounts in the program and pay for those accounts even though they did no trading for years. For example, one customer maintained an average account balance of more than \$3.5 million, but did no trades from 2002 through 2004. Yet, during that period, the firm deducted approximately \$73,000 in asset-based fees.

It took AXA Advisors almost three years after introducing CapAdvantage to generate exception reports targeting its fee-based brokerage accounts. FINRA found that even after the creation of these reports, the firm did not have adequate follow-up. This was particularly egregious because approximately half of all CapAdvantage accounts appeared on an exception report that highlighted some of these issues.

In addition, FINRA found that AXA Advisors used written internal and external communications that were misleading. The firm told brokers and clients that CapAdvantage accounts would not be charged asset-based fees until the account reached \$50,000. While this accurately reflected the firm's initial intention, it did not reflect how fees were actually charged. In fact, over 1,500 customers were charged fees before reaching the "minimum" account level.

The firm's communications also asserted that a benefit of CapAdvantage was that the interests of the client and the broker were aligned, because the broker's compensation was not linked to the number of transactions in the account. However, the firm required brokers to partially absorb ticket charges, so brokers made less money with each transaction, creating a potential conflict of interest between the broker and the client, particularly for clients with the least assets in these accounts.

Under the terms of the settlement, customers who will receive refunds either did no trades for two years, or had less than the required minimum account balance for a year and were charged fees, or were charged fees prior to reaching the asset level that the firm said would trigger asset-based fees. Of the refunds ordered by FINRA, approximately \$812,000 is being returned to 1,500 small account holders who were allowed to open a fee-based brokerage account with less than the required \$50,000 minimum.

In settling this matter, the firm neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

Morgan Stanley to Pay \$12.5 Million to Resolve FINRA Charges that it Failed to Provide Documents to Arbitration Claimants, Regulators

\$9.5 Million Fund to Be Established to Pay Arbitration Claimants for Discovery Violations, Firm to Pay \$3 Million Fine for Failing to Provide Pre-9/11 Emails and Supervisory Materials

The Financial Industry Regulatory Authority (FINRA) announced a settlement with Morgan Stanley & Co. to resolve charges that the firm's former affiliate, Morgan Stanley DW, Inc. (MSDW), failed on numerous occasions to provide emails to claimants in arbitration proceedings as well as to regulators - while representing that the destruction of the firm's email servers in the Sept. 11, 2001 terrorist attacks on New York's World Trade Center resulted in the loss of all pre-9/11 email. In fact, the firm had millions of pre-9/11 emails that had been restored to the firm's active email system using back-up tapes that had been stored in another location.

The settlement also resolves additional charges relating to the firm's failure to provide required supervisory materials to numerous arbitration claimants. The settlement announced today is the first of its kind—in that it provides for distribution of \$9.5 million to two groups of customers who had arbitration claims against the firm. FINRA estimates that several thousand customers may be eligible to receive payments. FINRA also imposed a \$3 million fine on the firm for its failure to provide pre-9/11 emails and updates to a supervisory manual.

"The integrity of our process demands that brokerage firms comply with their obligations to search diligently for, and provide in a timely way, information and documents required in arbitration proceedings and regulatory investigations," said Susan Merrill, FINRA Executive Vice President and Chief of Enforcement. "The action announced today underscores FINRA's commitment to ensuring that firms live up to those obligations. We are particularly pleased that this unique settlement directs the bulk of the monetary sanction to the customers in arbitrations, to remedy MSDW's discovery failures."

MSDW was merged into Morgan Stanley & Co. in April 2007. The former NASD, which consolidated with the member regulation functions of New York Stock Exchange Regulation in July to form FINRA, issued formal charges against MSDW in a complaint filed in December 2006.

Under the terms of the settlement, Morgan Stanley will deposit \$9.5 million into a fund to pay arbitration claimants for the discovery failures. All fund expenses, as well as the cost of hiring and compensating a fund administrator acceptable to FINRA, will be borne by the firm. The fund administrator will identify and notify potentially eligible arbitration claimants. Eligible claimants in the email aspect of the case can elect to receive a standard payment estimated to be between \$3,000 and \$5,000, or may choose to require Morgan Stanley to produce relevant emails still in its possession. A claimant who demands email production can decide to accept the standard payment - or waive that payment and have the fund administrator determine the amount, if any,

that the claimant should receive depending on the particular facts and circumstances of that individual case. Maximum payment in cases decided by the fund administrator cannot exceed \$20,000.

Eligible claimants who were denied the required supervisory materials will receive payments expected to be between \$1,500 and \$2,500. Some claimants may be eligible for payments as to both the pre-9/11 email and the failure to receive supervisory materials.

Detailed information about which arbitration claimants are eligible for fund payments, and about the claims process itself, can be found on the Arbitration Discovery Fund page of FINRA's Web site, www.finra.org.

Also as part of the settlement announced today, Morgan Stanley is required—again, at its own expense—to retain an independent consultant acceptable to FINRA to review the firm's procedures for complying with discovery requirements in arbitration proceedings relating to the firm's retail brokerage operations. The firm will be required to implement the independent consultant's recommendations for improving those procedures, or alternative improvements acceptable to the independent consultant.

FINRA found that MSDW failed to provide pre-9/11 emails to claimants in numerous arbitration proceedings and in response to three regulatory inquiries during the period from October 2001 through March 2005. FINRA found that MSDW made statements in numerous arbitration proceedings and to the former NASD, New York Stock Exchange Regulation and the Massachusetts Securities Division that those emails had been destroyed. Those statements were not true. In fact, MSDW possessed millions of pre-9/11 emails that had been restored to the firm's system shortly after Sept. 11, 2001 using backup tapes. Many other emails were maintained on individual users' computers and had not been affected by the events of 9/11. Among the matters where MSDW failed to produce e-mail was an NASD investigation that resulted in an August 2005 settlement with the firm.

FINRA also found that MSDW later destroyed many of the pre-9/11 emails it did possess. The firm did so in two ways—by overwriting backup tapes that had been used to restore the emails from 11 of its 12 servers to the firm's system, and by allowing users of the firm's email system to permanently delete the emails over an extended period of time. As a result, between September 2001 and March 2005, MSDW deleted millions of pre-9/11 emails from the firm's systems.

In addition, FINRA found that MSDW failed to provide updates to the firm's supervisory manual for branch office managers to claimants in numerous arbitration proceedings over a period of years. The Branch Manager's Manual was issued in 1994 and was subsequently supplemented with numerous updates. FINRA found, however, that MSDW repeatedly failed to provide updates to the manual in discovery in numerous arbitration proceedings from late 1999 through the end of 2005.

In settling this matter, Morgan Stanley neither admitted nor denied the charges, but consented to the entry of FINRA's findings.